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Featuring: ► Crop Production ► Dairy Products ► Chicken & Eggs
► Foreign Ownership ► Tobacco Outlook

GOOD TO EXCELLENT CROPS EXPECTED BY KENTUCKY FARMERS

U.S. HIGHLIGHTS

Corn production was forecast at 10.9 billion bushels, down 2 percent from both last month and 2005.

Corn yields were expected to average 153.5 bushels per acre, down 1.2 bushels from September but 5.6 bushels higher than last year. If realized, the yield would be the second largest on record, behind 2004.

Soybean production was forecast at 3.19 billion bushels, up 3 percent from the September forecast and up 4 percent from the 2005 crop. If realized, this would be the highest production on record.

Soybean yields were expected to average 42.8 bushels per acre, up 1.0 bushel from September but down 0.2 bushels from last year's record high yield.

Production in the **Burley producing States** totaled 217.4 million pounds, down 3 percent from last month but 7 percent above last year.

KENTUCKY

Crop prospects for October 1 remain good to excellent. Corn and tobacco yields were down slightly from September while soybean yield was unchanged. Corn harvesting was over half finished, soybean harvesting was just getting started, and burley cutting and housing was winding down.

Corn production was forecast at 152.4 million bushels, down 10 percent from the September estimate and 2 percent from the 2005 crop. The decrease in production from September resulted from a downward revision in acreage harvested for grain and a lower yield per acre. Harvested acreage was estimated at 1.03 million acres, down 80,000 acres from September and 150,000 acres from a year earlier. Yield per acre was estimated at 148 bushels per acre, down four bushels from the September estimate while up 16 bushels from 2005 and the second highest yield on record. The highest yield of 152 bushels was set in 2004. The crop received adequate rain and moderate temperatures during the summer. Above normal rainfall has made for poor harvesting conditions this fall and damaged the crop in some areas.

Production of **soybeans** was forecast at 62.6 million bushels, down 1 percent from the September estimate while up 17 percent from the 2005 crop. Even with the reduced production due to an acreage adjustment, the 2006 soybean crop would be the largest on record. The previous high, 57.2 million bushels, was set in 2004. Harvested acreage was estimated at 1.36 million acres, a decrease of 20,000 acres from the September forecast. Yield was forecast at a record high 46 bushels per acre, unchanged from September and up three bushels from 2005. The soybean crop in the field was rated mostly good to excellent. Pod fill has been good with adequate to surplus rain received this summer.

Burley tobacco production was forecast at 153.3 million pounds, down 5 percent from September 1 while up 7 percent from the 2005 crop. The decline in production was brought about by a lower estimated yield. Yield was estimated at 2,100 pounds per acre, down 100 pounds from September but was 50 pounds above last year. The October yield estimate was the highest in five years. Harvested acreage was estimated at 73,000 acres, unchanged from September while up 3,000 acres from 2005. Summer growing conditions were good but late September storms had adverse effects on the tobacco crop remaining in the field to be cut.

All hay production was forecast at 5.98 million tons, down 9 percent from the August estimate while up 3 percent from the 2005 crop. **Alfalfa hay** was forecast at 1.03 million tons, up 12 percent from August and 23 percent from a year earlier. Yield was estimated at 3.8 tons per acres, up 0.4 tons from August and 0.6 tons from 2005. A moderate summer with adequate moisture increased yield per acre and permitted more alfalfa cuttings per acre. **Other hay** production was forecast at 4.95 million tons, down 12 percent from August while virtually unchanged from a year earlier. Yield was estimated at 2.2 tons, down 0.3 tons from August while up 0.1 ton from a year earlier. Reduced production resulted partially from farmers who chose to graze their cattle on other hay acreage rather than cut it for hay.

Dark fire-cured tobacco was estimated at 18.0 million pounds, down 6 percent from September and 12 percent from a year earlier. The decrease from September was brought about by a decline in yield per acre. **Dark air-cured** tobacco production was forecast at 14.1 million pounds, down 3 percent from September while up 36 percent from 2005.

CROP PRODUCTION

CROP SUMMARY, OCTOBER 1 KENTUCKY AND UNITED STATES, 2005 - 2006

CROPS	UNIT	ACREAGE HARVESTED		YIELD PER ACRE		PRODUCTION		
		2005	2006	2005	2006	2005	2006	
			Indicated		Indicated		Indicated	% of '05
		(Thousand)				(Thousand)		
KENTUCKY								
Corn for Grain	Bu.	1,180	1,030	132.0	148.0	155,760	152,440	98
Soybeans for Beans <u>1/</u>	Bu.	1,240	1,360	43.0	46.0	53,320	62,560	117
Hay:								
All	Ton	2,410	2,520	2.40	2.37	5,777	5,976	103
Alfalfa	Ton	260	270	3.20	3.80	832	1,026	123
All Other	Ton	2,150	2,250	2.30	2.20	4,945	4,950	100
Tobacco:								
All	Lbs.	79.70	83.00	2,186	2,234	174,260	185,420	106
Burley	Lbs.	70.00	73.00	2,050	2,100	143,500	153,300	107
Dark Fire-Cured	Lbs.	6.00	5.30	3,400	3,400	20,400	18,020	88
Dark Air-Cured	Lbs.	3.70	4.70	2,800	3,000	10,360	14,100	136
Wheat, All	Bu.	300	320	68.0	71.0	20,400	22,720	111
Barley	Bu.	9	14	83.0	88.0	747	1,232	165
UNITED STATES								
Corn for Grain	Bu.	75,107	71,047	147.9	153.5	11,112,072	10,905,194	98
Soybeans for Beans <u>1/</u>	Bu.	71,251	74,505	43.0	42.8	3,063,237	3,188,576	104
Sorghum for Grain	Bu.	5,736	5,319	68.7	56.6	393,893	301,217	76
Hay:								
All	Ton	61,649	62,697	2.44	2.35	150,590	147,038	98
Alfalfa	Ton	22,389	22,407	3.38	3.33	75,771	74,527	98
All Other	Ton	39,260	40,290	1.91	1.80	74,819	72,511	97
Tobacco:								
All	Lbs.	298.08	334.30	2,171	2,194	647,278	733,608	113
Burley	Lbs.	100.15	103.70	2,031	2,097	203,383	217,430	107
Dark Fire-Cured	Lbs.	11.84	11.25	3,178	3,210	37,631	36,115	96
Dark Air-Cured	Lbs.	4.15	5.10	2,778	2,984	11,530	15,220	132
Wheat, All	Bu.	50,119	46,810	42.0	38.7	2,104,690	1,812,036	86
Barley	Bu.	3,269	2,951	64.8	61.0	211,896	180,051	85

1/2005 Revised.

U.S. DAIRY PRODUCTS, AUGUST 2006

PRODUCT	August 2005	July 2006 <u>1/</u>	August 2006	Percent of	
				August 2005	July 2006
		(000) Pounds		Percent	
BUTTER	93,194	94,567	89,202	96	94
CHEESE					
American Types <u>2/</u>	312,028	328,226	318,249	102	97
Mozzarella	244,631	254,757	262,608	107	103
All Other Types <u>3/</u>	200,743	184,453	206,100	103	112
Total	757,402	767,436	786,957	104	103
		(000) Gallons		Percent	
FROZEN PRODUCTS					
Ice Cream (Hard)	89,142	85,374	84,542	95	99
Frozen Yogurt (Total)	6,142	6,240	6,867	112	110
MIX FOR FROZEN PRODUCTS					
Ice Cream Mix	48,731	47,744	47,172	97	99
Yogurt Mix	3,779	3,782	4,162	110	110

1/Revised. 2/Includes Cheddar, Colby, Monterey, and Jack. 3/Includes Swiss, cream and all other types. Excludes cottage cheese.

UNITED STATES EGG PRODUCTION & HATCH

Item	Aug 2005	Aug 2006	Aug '06 as % Aug '05
Egg Production			
Eggs Produced (Million)	7,528	7,635	101
Average Layers (000)	339,351	341,007	100
Eggs Per 100 Layers	2,218	2,239	101
Egg Type Hatchery			
Eggs Set Sept 1 (000)	34,505	35,823	104
Chicks Hatched (000)	38,700	34,892	90
Broiler Type Hatchery			
Eggs Set Sept 1 (000)	654,789	656,333	100
Chicks Hatched (000)	812,474	809,284	100

FOREIGN HOLDINGS OF U.S. AGRICULTURAL LAND IN 2005

Of the 15,131,813 acres of reported foreign held land, foreign persons from Canada hold the largest amount of reported foreign held acres of U.S. land, 4,640,717 acres, or 31 percent. Foreign persons from an additional three countries, Germany at 11%, the United Kingdom (U.K.) at 11%, and Switzerland at 4%, collectively hold 3,969,646 acres or 26 percent of the foreign held acres in the U.S. Forty-six percent of the reported foreign interest holdings of U.S. land is timber or forest; cropland accounts for only 16 percent. Foreign held pasture and other agricultural land totals 34 percent of all foreign interest holdings in the U.S. The non-agriculture category accounts for approximately 3 percent of the reported foreign held acres in the U.S. Non-agricultural land includes acreage such as the homestead and roads commonly reported as part of the agricultural landholding or land that is idle now but its last use within the past 5 years was for agriculture.

Foreign holdings of U.S. agricultural land remained relatively steady from 1994 through 2004, slightly above or below 1 percent of all privately held agricultural land in the United States. Most changes were in forest land, decreasing from 7.5 million in 1995, to 6 million in 1998, increasing to 7.5 million in 2001, then decreasing to 7 million acres in 2002 and subsequent years. These changes are mainly due to million-acre-plus transactions by large timber companies. Reviewing the crop, pasture, and other agricultural figures reveals a relatively small increase, if any, in the numbers between 1994 and 2004. Cropland increased from 2.5 million acres in 2001 to 3 million in 2002, decreased to 2 million in 2003; pasture and other agriculture remained steady.

Foreign held agricultural land in **Kentucky** totaled 82,508 acres or 4 tenths of one percent of the total privately held agricultural land.

U.S. AGRICULTURAL LANDHOLDINGS OF FOREIGN ENTITIES, BY STATE AS OF FEBRUARY 28, 2005

State	Acres	State	Acres	State	Acres
Alabama	662,858	Maine	3,155,328	Oregon	242,607
Alaska	131,967	Maryland	46,021	Pennsylvania	148,005
Arizona	270,865	Massachusetts	2,615	Puerto Rico	760
Arkansas	139,833	Michigan	317,759	Rhode Island	15
California	955,303	Minnesota	238,048	S. Carolina	127,367
Colorado	614,518	Mississippi	178,074	S. Dakota	42,368
Connecticut	1,204	Missouri	64,011	Tennessee	83,083
Delaware	3,083	Montana	499,571	Texas	1,266,335
Florida	876,844	Nebraska	15,137	Utah	77,604
Georgia	615,657	Nevada	504,823	Vermont	85,469
Hawaii	167,600	New Hampshire	15,828	Virginia	141,815
Idaho	33,404	New Jersey	14,056	Washington	223,767
Illinois	134,264	New Mexico	825,221	W. Virginia	101,657
Indiana	35,126	New York	262,699	Wisconsin	57,171
Iowa	29,609	N. Carolina	236,366	Wyoming	224,253
Kansas	43,706	N. Dakota	18,159		
Kentucky	82,508	Ohio	219,544		
Louisiana	345,330	Oklahoma	61,700	TOTAL	14,640,915

Source: USDA, FAS, Agricultural Foreign Investment Disclosure Act (AFIDA) data.

BURLEY TOBACCO OUTLOOK

As of September 1, burley production in 2006 is estimated at 224.6 million pounds, compared with 203.4 million pounds last season. Acreage is 103,700 acres, only 3,550 acres more than last season. World demand for U.S. burley has been lower than expected. During the first 10 months of the marketing season, export shipments were down 12 percent. With beginning stocks less than 500 million pounds for the first time in the post war period and production hovering above 200 million pounds, 2006

supplies of burley are at a record-low of 625.0 million pounds. Based on 9 months of data, burley disappearance during the 2005-06 year (October 2005-September 2006) is expected to slip 10 percent. Exports during the first 9 months of the season are 12 percent below the previous year's level, after substantial gains the previous year. Expected disappearance will be between 285 and 290 million pounds. Domestic use slipped nearly 5 million pounds as export disappearance lost 27 million pounds.

FIRE-CURED OUTLOOK

Fire-cured tobacco is mainly used in making snuff, plug chewing tobacco, and twist chewing tobacco. About half of the crop is usually exported. Production of fire-cured leaf in 2006-07 is projected at 37.2 million pounds based on September 1 estimates, about 0.4 million pounds short of last season. Acreage was set at 11,250 acres, compared with 11,840 the previous year. Yields improved over last season. Production of Kentucky-Tennessee fire-cured leaf (types 22-23) as of September 1 (2006 crop) is estimated at 36.4 million pounds compared with 36.9 million pounds in 2005. Production of Virginia fire-cured tobacco is estimated at 0.7 million pounds, 6 percent higher than the 2005 season. Shipments of Kentucky-Tennessee fire-cured

(types 22-23) slipped by 28 percent during the first 10 months of the 2005 crop year (October 2005-July 2006), losing a greater percentage than during the same period last year. Total year-end disappearance is projected at 40.8 million pounds. Domestic use advanced 36 percent during the first 9 months of the crop year and exports of types 22-23 slipped by 28 percent. Domestic disappearance is projected at 34.5 million pounds, while export use is expected to reach 6.3 million. Virginia dark-fired tobacco disappearance is likely to increase by 1.3 million pounds as domestic use rises. Year-end disappearance is expected to reach 2.1 million pounds.

AIR-CURED OUTLOOK

Dark air-cured tobacco (types 35-37) is used in plug and twist chewing tobacco, snuff, and, to some extent, in smoking tobacco. Production and use have declined by more than 50 percent over the last two decades. Exports traditionally account for 10-20 percent of total use, but have declined in the past decade as cigarettes have displaced traditional tobacco products in many countries that purchased dark air-cured leaf. The marketing year for dark air-cured tobacco runs from October to September. Acreage, yield, and production data is no longer collected for type 37, Virginia sun-cured tobacco. Dark air-cured tobacco (types 35 and 36) acreage increased nearly 1,000 acres to 5,100 acres in 2006, a 23-percent gain from 4,150 acres in 2005. Yields are 3,076 pounds per acre, nearly 300 pounds

greater than last season. Production of dark air-cured leaf is estimated at 15.7 million pounds, 36 percent greater than last season's 11.5 million pounds. For the 2005 crop year, beginning stocks advanced almost 3.4 million pounds, resulting in supplies of 49.1 million pounds. For 2006, beginning supplies (as of October 1, 2006) are expected to be about 50.8 million pounds, greater by almost 2 million pounds than this time last season. Air-cured disappearance for the first 9 months of the marketing year (October 2005-June 2006) slipped 1 percent to 9.0 million pounds. Based on past marketing patterns, total disappearance during the crop year is expected to be about 11.5 million pounds.

Internet Access: Data including this report are available free of charge on our Internet homepage located at <http://www.nass.usda.gov/ky>. Links to the Kentucky Department of Agriculture, the University of Kentucky Agricultural Weather Center and other web sites related to Kentucky Agriculture are also included. National & State reports and data are available on the USDA, National Agricultural Statistics Service homepage located at <http://www.usda.gov/nass/>
